

FEDERAL RESERVE SYSTEM

Haines Financial Corp
Woodward, Oklahoma

Order Approving the Formation of a Bank Holding Company
and the Acquisition of a Bank

Haines Financial Corp (“Haines Financial”) has requested the Board’s approval under section 3(a)(1) of the Bank Holding Company Act (“BHC Act”) (12 U.S.C. § 1842(a)(1)) to become a bank holding company and to acquire all the voting shares of The First National Bank of Medford, Medford, Oklahoma (“Medford Bank”).

Notice of the proposal, affording interested persons an opportunity to comment, has been published (69 Federal Register 18,908 (2004)). The time for filing comments has expired, and the Board has considered all the comments on the application in light of the factors enumerated in section 3 of the BHC Act.

Haines Financial is a newly organized corporation that does not control a depository institution, and it has been formed to acquire Medford Bank. Medford Bank is one of the smaller depository institutions in Oklahoma,¹ controlling approximately \$22.6 million in deposits, which represents less than 1 percent of total deposits in the state.² The Board has reviewed carefully all the facts of record and has concluded that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market. Accordingly, the Board has

¹ In this context, the term “depository institution” includes commercial banks, savings banks, and savings associations.

² Deposit and ranking data are as of March 31, 2004.

determined that the competitive factors under section 3 of the BHC Act are consistent with approval of the proposal.

Section 3 of the BHC Act also requires the Board to consider the effect of the transaction on the convenience and needs of the community to be served.³ In evaluating this factor, the Board places particular emphasis on the ratings that the relevant depository institutions received at their most recent examinations under the Community Reinvestment Act (12 U.S.C. § 2901 et seq.) (“CRA”). Medford Bank received a “satisfactory” CRA rating from its primary federal supervisor, the Office of the Comptroller of the Currency (“OCC”), as of December 31, 2001.

Haines Financial has stated that it intends to retain the bank’s current retail banking activities in the Medford community. After reviewing all the information submitted by Haines Financial and Medford Bank related to the convenience and needs factor, and based on all the facts of record, the Board concludes that considerations relating to convenience and needs, including the CRA performance of the institution to be acquired, are consistent with approval.

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal as well as the principal shareholders.⁴ As part of this analysis, the Board has reviewed confidential examination information about Medford Bank and publicly reported financial and other information about the bank, Haines Financial, and the proposal. The Board has also consulted with the OCC, the primary federal supervisor for Medford Bank, and considered confidential supervisory and other information from the banking agency. In

³ 12 U.S.C. § 1842(c)(2).

⁴ *Id.*

addition, the Board has reviewed Haines Financial's operating plan for Medford Bank and the proposed management of Haines Financial and the bank.

The Board notes that Haines Financial intends to retain Medford Bank's management and that the bank would have a five-member board of directors that would include two of the bank's current senior officers. Three of the five members of the proposed board of directors, which would include one of the principal shareholders of Haines Financial, are experienced bankers. Experienced individuals would also be responsible for managing the bank on a daily basis after consummation. In addition, the Board has taken into account the financial resources of Haines Financial, including its capital levels and ability to serve as a source of strength to the bank, as well as the proposed business plan for Medford Bank.

After considering all the facts of record, including all commitments made to the Board in connection with this proposal, the Board concludes that the financial and managerial resources and future prospects of Haines Financial and Medford Bank are consistent with approval, as are the other supervisory factors the Board is required to consider under the BHC Act.

Based on the foregoing and after considering all the facts of record, the Board has determined that the application should be, and hereby is, approved. In reaching its conclusion, the Board has considered the record in light of the factors that it is required to consider under the BHC Act. The Board's approval is specifically conditioned on compliance by Haines Financial and all affiliated entities with the commitments and representations made to the Board in connection with the application. These commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of Medford Bank may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of Kansas City, acting pursuant to delegated authority.

By order of the Board of Governors,⁵ effective July 1, 2004.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

⁵ Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Gramlich, Bies, Olson, Bernanke, and Kohn.